

**Company Registration No. 05852727 (England and Wales)**

**WELSPUN HOME TEXTILES UK LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

# WELSPUN HOME TEXTILES UK LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mrs D B Goenka Mr M Bansal Mr M Pareek
<b>Secretary</b>	Mr M Bansal
<b>Company number</b>	05852727
<b>Registered office</b>	Park Square Bird Hall Lane Stockport Cheshire England SK3 0XF
<b>Auditor</b>	AMS Accountants Corporate Limited Floor 2 9 Portland Street Manchester M1 3BE

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# WELSPUN HOME TEXTILES UK LIMITED

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# WELSPUN HOME TEXTILES UK LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MARCH 2021

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The directors present the strategic report for the year ended 31 March 2021.

#### **Business Review**

The Christy brand is a premier UK towel and bedding brand. The business was originally established in 1850 by members of the Christy family. The company was acquired by Welspun India Ltd in June 2006.

The group's profit and loss account is shown on page 7 and the balance sheet on page 8. Sales for the current year were £27.1m compared to £32.6m for the previous year. The company revenue has been impacted by nationwide lockdown amid Covid 19 pandemic. However, the company continues to focus on non-traditional sales channels to achieve its financial targets.

During the year, the company continued to undertake substantial work to reorganise the business by streamlining operations, rationalising cost and Improving working capital.

#### **Principal risks and uncertainties**

##### **Financial risk management**

The group's operations expose it to a variety of financial risks that include credit risk, liquidity risk, interest rate risk and foreign exchange risk. The policies established are implemented and monitored.

##### **Credit risk**

Where appropriate, relevant credit checks are performed on potential customers before sales are made. The amount of exposure to any individual customer is controlled by means of a credit limit that is monitored regularly by management and, in the case of a financial material value, by the executive directors.

##### **Liquidity and interest rate risk**

Throughout the year, the group was primarily funded through an interest bearing loan from its bankers, Bank of Baroda and Barclays Bank.

The Group is exposed to interest rate risk on this loan (the rate is based upon a fixed margin above six month Sterling LIBOR), however, the directors do not consider this risk to be so significant as to warrant the need for formal policies to be put in place so as to manage this risk.

##### **Foreign exchange risk**

Foreign exchange risk is managed upon a group-wide basis by the executive directors. There is a written foreign exchange policy, with the principal aim of minimising fluctuations in business performance arising from exchange rate movements. The group's main trading currencies are Sterling, US Dollar and the Euro. As a result of the group's sourcing routes, transactional hedges are maintained, supplemented as necessary by forward foreign exchange contracts.

#### **Financial Key Performance Indicators**

The group has moved from a profit before tax of £0.093m to a loss before tax of £0.282m.

On behalf of the board



Mr M Bansal  
Director

30 July 2021

# WELSPUN HOME TEXTILES UK LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2021

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The directors present their annual report and financial statements for the year ended 31 March 2021.

#### Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mrs D B Goenka  
Mr M Bansal  
Mr M Pareek

#### Post reporting date events

There have been no significant events affecting the Group since the year end.

#### Auditor

AMS Accountants Corporate Limited were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

# WELSPUN HOME TEXTILES UK LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2021**

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On behalf of the board



Mr M Bansal  
Director

  
Mr M Pareek  
Director

30 July 2021

# WELSPUN HOME TEXTILES UK LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF WELSPUN HOME TEXTILES UK LIMITED

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#### Opinion

We have audited the financial statements of Welspun Home Textiles Limited, (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# WELSPUN HOME TEXTILES UK LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF WELSPUN HOME TEXTILES UK LIMITED

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#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



# WELSPUN HOME TEXTILES UK LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF WELSPUN HOME TEXTILES UK LIMITED

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#### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**David Clegg (Senior Statutory Auditor)**

**For and on behalf of AMS Accountants Corporate Limited**

30 July 2021

**Chartered Accountants  
Statutory Auditor**

Floor 2  
9 Portland Street  
Manchester  
M1 3BE

# WELSPUN HOME TEXTILES UK LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £000	2020 £000
Turnover	3	27,112	32,649
Cost of sales		(19,511)	(23,018)
<b>Gross profit</b>		<u>7,601</u>	<u>9,631</u>
Administrative expenses		(8,609)	(11,693)
Other operating income		903	2,472
<b>Operating (loss)/profit</b>	4	<u>(105)</u>	<u>410</u>
Interest receivable and similar income	7	12	6
Interest payable and similar expenses	8	(189)	(323)
<b>(Loss)/profit before taxation</b>		<u>(282)</u>	<u>93</u>
Tax on (loss)/profit	9	(1)	(1)
<b>(Loss)/profit for the financial year</b>	23	<u>(283)</u>	<u>92</u>
<b>Other comprehensive income</b>			
Currency translation differences		130	-
<b>Total comprehensive income for the year</b>		<u>(153)</u>	<u>92</u>
<b>(Loss)/profit for the financial year is attributable to:</b>			
- Owners of the parent company		(283)	92
		<u>(283)</u>	<u>92</u>

(Loss)/profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

# WELSPUN HOME TEXTILES UK LIMITED

## GROUP BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £000	£000	2020 £000	£000
<b>Fixed assets</b>					
Goodwill	10		1,807		2,373
Tangible assets	11		50		124
			<u>1,857</u>		<u>2,497</u>
<b>Current assets</b>					
Stocks	15	6,707		4,148	
Debtors	16	6,200		10,528	
Cash at bank and in hand		2,366		1,907	
		<u>15,273</u>		<u>16,583</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(17,528)</u>		<u>(18,706)</u>	
<b>Net current liabilities</b>			<u>(2,255)</u>		<u>(2,123)</u>
<b>Total assets less current liabilities</b>			<u>(398)</u>		<u>374</u>
<b>Provisions for liabilities</b>					
Provisions	19	567	(567)	1,186	(1,186)
<b>Net liabilities</b>			<u>(965)</u>		<u>(812)</u>
<b>Capital and reserves</b>					
Called up share capital	22		13,093		13,093
Profit and loss reserves	23		(14,058)		(13,905)
<b>Total equity</b>			<u>(965)</u>		<u>(812)</u>

The financial statements were approved by the board of directors and authorised for issue on 30 July 2021 and are signed on its behalf by:

  
Mr M Bansal  
Director

  
Mr M Pareek  
Director

# WELSPUN HOME TEXTILES UK LIMITED

## COMPANY BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £000	£000	2020 £000	£000
<b>Fixed assets</b>					
Investments	12		11,353		11,353
<b>Current assets</b>					
Debtors	16	6		6	
Cash at bank and in hand		1		1	
		<u>7</u>		<u>7</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(3,179)</u>		<u>(3,175)</u>	
<b>Net current liabilities</b>			<u>(3,172)</u>		<u>(3,168)</u>
<b>Net assets</b>			<u>8,181</u>		<u>8,185</u>
<b>Capital and reserves</b>					
Called up share capital	22		13,093		13,093
Profit and loss reserves	23		<u>(4,912)</u>		<u>(4,908)</u>
<b>Total equity</b>			<u>8,181</u>		<u>8,185</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £4,000 (2020 - £2,000).

The financial statements were approved by the board of directors and authorised for issue on 30 July 2021 and are signed on its behalf by:

  
Mr M Bansal  
Director

  
Mr M Pareek  
Director

Company Registration No. 05852727

# WELSPUN HOME TEXTILES UK LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

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	Share capital	Profit and loss reserves	Total
	£000	£000	£000
<b>Balance at 1 April 2019</b>	13,093	(13,997)	(904)
<b>Year ended 31 March 2020:</b>			
Profit and total comprehensive income for the year	-	92	92
<b>Balance at 31 March 2020</b>	13,093	(13,905)	(812)
<b>Year ended 31 March 2021:</b>			
Loss for the year	-	(283)	(283)
Other comprehensive income:			
Currency translation differences	-	130	130
Total comprehensive income for the year	-	(153)	(153)
<b>Balance at 31 March 2021</b>	13,093	(14,058)	(965)

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# WELSPUN HOME TEXTILES UK LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

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	Share capital	Profit and loss reserves	Total
	£000	£000	£000
<b>Balance at 1 April 2019</b>	13,093	(4,906)	8,187
<b>Year ended 31 March 2020:</b>			
Loss and total comprehensive income for the year	-	(2)	(2)
<b>Balance at 31 March 2020</b>	13,093	(4,908)	8,185
<b>Year ended 31 March 2021:</b>			
Loss and total comprehensive income for the year	-	(4)	(4)
<b>Balance at 31 March 2021</b>	13,093	(4,912)	8,181

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# WELSPUN HOME TEXTILES UK LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2021

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#### 1 Accounting policies

##### Company information

Welspun Home Textiles Limited, ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is .

The group consists of Welspun Home Textiles Limited, and all of its subsidiaries.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

#### 1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Welspun Home Textiles Limited, together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 March 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

# WELSPUN HOME TEXTILES UK LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

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#### 1 Accounting policies

(Continued)

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

#### 1.4 Going concern

The directors are aware of certain material uncertainties which may cause doubt on the company's ability to continue as a going concern. The uncertainties are surrounding the Covid19 pandemic. As a result of this the economy going forward is uncertain, therefore the impact on the company is not yet known.

The group has, with parent support, sufficient resources to pay its debts as they fall due for the foreseeable future. The parent undertaking has confirmed its intention to support the group for at least 12 months from the date of signature of these financial statements.

#### 1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when all of the following conditions are satisfied :

- the Group has transferred the significant risks and rewards of ownership to the buyer.
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- the amount of revenue can be measured reliably.
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transactions can be transferred reliably.

#### 1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is ten years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.



# WELSPUN HOME TEXTILES UK LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

#### 1 Accounting policies

(Continued)

##### 1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% per annum
Plant and equipment	up to 5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

##### 1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

# WELSPUN HOME TEXTILES UK LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

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#### 1 Accounting policies

(Continued)

##### 1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### 1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

##### 1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# WELSPUN HOME TEXTILES UK LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies

(Continued)

#### 1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

# WELSPUN HOME TEXTILES UK LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

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#### 1 Accounting policies

(Continued)

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

#### 1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### 1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# WELSPUN HOME TEXTILES UK LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.15 Provisions**

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

#### **1.16 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.17 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.18 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### **1.19 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

# WELSPUN HOME TEXTILES UK LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 1 Accounting policies (Continued)

#### 1.20 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to the size or incidence.

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Judgements are applied in calculating stock provisions, which are based on the age of the stock and management assessment of realisable values.

### 3 Turnover and other revenue

	2021	2020
	£000	£000
<b>Other revenue</b>		
Interest income	12	6
	<u>12</u>	<u>6</u>
	2021	2020
	£000	£000
<b>Turnover analysed by geographical market</b>		
United Kingdom	17,826	20,423
Rest of Europe	3,380	4,415
Rest of the world	5,906	7,811
	<u>27,112</u>	<u>32,649</u>

### 4 Operating (loss)/profit

	2021	2020
	£000	£000
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	229	(287)
Depreciation of owned tangible fixed assets	60	85
Profit on disposal of tangible fixed assets	-	(23)
Amortisation of intangible assets	566	566
Operating lease charges	380	628
	<u>1,235</u>	<u>1,033</u>

# WELSPUN HOME TEXTILES UK LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

#### 5 Auditor's remuneration

	2021	2020
	£000	£000
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	-	-
Audit of the financial statements of the company's subsidiaries	19	19
	<u>19</u>	<u>19</u>

#### 6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Sales, distribution and marketing	78	172	-	-
Administration	9	21	-	-
Total	<u>87</u>	<u>193</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Wages and salaries	1,831	3,668	-	-
Social security costs	192	314	-	-
Pension costs	53	88	-	-
	<u>2,076</u>	<u>4,070</u>	<u>-</u>	<u>-</u>

#### 7 Interest receivable and similar income

	2021	2020
	£000	£000
<b>Interest income</b>		
Interest on bank deposits	12	6
	<u>12</u>	<u>6</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	12	6
	<u>12</u>	<u>6</u>

# WELSPUN HOME TEXTILES UK LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

#### 8 Interest payable and similar expenses

2021	2020
£000	£000

##### Interest on financial liabilities measured at amortised cost:

Interest on bank overdrafts and loans	189	323
---------------------------------------	-----	-----

#### 9 Taxation

2021	2020
£000	£000

##### Current tax

UK corporation tax on profits for the current period	1	1
--	---	---

The actual charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

2021	2020
£000	£000

(Loss)/profit before taxation	(282)	93
-------------------------------	-------	----

Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)

(54)	18
------	----

Tax effect of expenses that are not deductible in determining taxable profit

25	3
----	---

Tax effect of utilisation of tax losses not previously recognised

(170)	(193)
-------	-------

Unutilised tax losses carried forward

130	95
-----	----

Permanent capital allowances in excess of depreciation

(18)	(29)
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Depreciation on assets not qualifying for tax allowances

-	84
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Amortisation on assets not qualifying for tax allowances

88	23
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Taxation charge

1	1
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#### 10 Intangible fixed assets

##### Group

Goodwill

£000

##### Cost

At 1 April 2020 and 31 March 2021

9,168

##### Amortisation and impairment

At 1 April 2020

6,795

Amortisation charged for the year

566

At 31 March 2021

7,361



# WELSPUN HOME TEXTILES UK LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

#### 10 Intangible fixed assets (Continued)

<b>Carrying amount</b>	
At 31 March 2021	1,807
At 31 March 2020	2,373

The company had no intangible fixed assets at 31 March 2021 or 31 March 2020.

#### 11 Tangible fixed assets

Group	Freehold land and buildings £000	Plant and equipment £000	Total £000
<b>Cost</b>			
At 1 April 2020	6	3,976	3,982
Additions	-	15	15
Disposals	-	(111)	(111)
At 31 March 2021	6	3,880	3,886
<b>Depreciation and impairment</b>			
At 1 April 2020	-	3,858	3,858
Depreciation charged in the year	-	60	60
Eliminated in respect of disposals	-	(82)	(82)
At 31 March 2021	-	3,836	3,836
<b>Carrying amount</b>			
At 31 March 2021	6	44	50
At 31 March 2020	6	118	124

The company had no tangible fixed assets at 31 March 2021 or 31 March 2020.

#### 12 Fixed asset investments

	Notes	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Investments in subsidiaries	13	-	-	11,353	11,353

# WELSPUN HOME TEXTILES UK LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

#### 12 Fixed asset investments (Continued)

##### Movements in fixed asset investments Company

##### Cost or valuation

At 1 April 2020 and 31 March 2021

**Shares in  
subsidiaries  
£000**

11,353

##### Carrying amount

At 31 March 2021

11,353

At 31 March 2020

11,353

#### 13 Subsidiaries

Details of the company's subsidiaries at 31 March 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
CHT Holding Limited	England and Wales	Ordinary	100.00
Christy Home Textiles Limited	England and Wales	Ordinary	100.00
Welspun UK Limited	England and Wales	Ordinary	100.00
E.R Kingsley (Textiles) Limited	England and Wales	Ordinary	100.00
Christy UK Limited	England and Wales	Ordinary	100.00
Christy 2004 Limited	England and Wales	Ordinary	100.00
Christy Europe GmbH	Germany	Ordinary	100.00
Christy Lifestyle LLC	USA	Ordinary	-

#### 14 Financial instruments

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	6,007	10,303	6	6
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	17,074	18,273	3,179	3,175

Financial assets measured at amortised cost comprises cash, trade and other debtors and amounts owed from group undertakings.

Financial liabilities measured at amortised cost comprise bank overdrafts and loans, trade and other creditors and amounts owed to group undertakings.

# WELSPUN HOME TEXTILES UK LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 15 Stocks

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Finished goods and goods for resale	6,707	4,148	-	-

The difference between purchase price or production cost of stocks and their replacement cost is not material.

### 16 Debtors

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
<b>Amounts falling due within one year:</b>				
Trade debtors	4,411	7,603	-	-
Amounts owed by group undertakings	1,469	2,549	-	-
Other debtors	127	151	6	6
Prepayments and accrued income	17	49	-	-
	<u>6,024</u>	<u>10,352</u>	<u>6</u>	<u>6</u>
<b>Amounts falling due after more than one year:</b>				
Deferred tax asset (note 20)	176	176	-	-
	<u>6,200</u>	<u>10,528</u>	<u>6</u>	<u>6</u>

### 17 Creditors: amounts falling due within one year

	Notes	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Bank loans	18	2,740	4,281	-	-
Trade creditors		2,335	5,379	-	-
Amounts owed to group undertakings		10,167	7,256	3,078	3,076
Corporation tax payable		91	89	-	-
Other taxation and social security		363	344	-	-
Other creditors		503	510	101	99
Accruals and deferred income		1,329	847	-	-
		<u>17,528</u>	<u>18,706</u>	<u>3,179</u>	<u>3,175</u>

All amounts owed to group undertakings are unsecured and repayable on demand.

# WELSPUN HOME TEXTILES UK LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 18 Loans and overdrafts

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Bank loans	2,740	4,281	-	-
Payable within one year	2,740	4,281	-	-

### 19 Provisions for liabilities

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Restructuring costs	567	1,186	-	-

Movements on provisions:

Group	Restructuring costs £000
At 1 April 2020	1,186
Utilisation of provision	(619)
At 31 March 2021	567

### 20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Assets 2021 £000	Assets 2020 £000
Short term timing differences	176	176

The company has no deferred tax assets or liabilities.

There were no deferred tax movements in the year.

# WELSPUN HOME TEXTILES UK LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 21 Retirement benefit schemes

	2021	2020
	£000	£000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	53	88

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 22 Share capital

	Group and company	
	2021	2020
	£000	£000
Ordinary share capital		
Issued and fully paid		
13,092,578 Ordinary shares of £1 each	13,093	13,093

### 23 Reserves

#### Profit and loss reserves

The profit and loss account is the cumulative retained earnings of the company comprising of both distributable and non-distributable reserves.

### 24 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Within one year	269	312	-	-
Between two and five years	362	493	-	-
In over five years	12	40	-	-
	<u>643</u>	<u>845</u>	<u>-</u>	<u>-</u>

### 25 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021	2020
	£000	£000
Aggregate compensation	438	562

# WELSPUN HOME TEXTILES UK LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

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#### 25 Related party transactions

(Continued)

##### Other information

The group is exempt from disclosing related party transactions between wholly owned group members.

There are no other related party transactions to disclose for the year.

#### 26 Controlling party

At 31st March 2021, the ultimate parent undertaking and controlling party is Welspun India Limited, a company incorporated in India and quoted on Mumbai (India) Stock Exchange. The Mumbai India stock exchange address is Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-40001, India.

Welspun India Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2021. The consolidated financial statements of Welspun India are publically available.

Welspun Home Textiles UK Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements.

#### 27 Prior period adjustment

A prior period adjustment has been made to the comparative balance sheet, impacting debtors and creditors only. The adjustment relates to historical group undertaking balances which were eliminated in the prior period of £5.004m. The balances have now been corrected to reflect the true amounts due from and owed to the group.